

PART VIII.

RULES UNDER THE LOCAL AUTHORITIES LOANS ACT XI OF 1879.

RULES FOR THE GRANT OF LOANS TO LOCAL AUTHORITIES BY GOVERNMENT.

In exercise of the powers conferred by Section 5 of the Local Authorities Loan Act, 1879, the Governor General in Council has made the following Rules for the grant of Loans to Local Authorities by the Government :—

(G. N. 116, B. G. G., 1889, Pt. I., p. 15, republishing G. of I. Nos. 15 and 16, dated 1st January 1890.)

1. These rules shall come into force on the 1st day of February 1889. On and from that date the rules published with Notification No. 2749, * dated 17th August 1883, in so far as they relate to the granting of loans, shall be rescinded except as regards loans applied for before these rules come into force. (G. N. 501, B. G. G., 1890, Pt. I., p. 78, republishing G. of I. No. 417, dated 24th January 1890.)
2. In these Rules (1) 'the Act' means The †Local Authorities Loan Act, 1879, (2) 'Local Authority' and (3) 'funds' have the meanings assigned to them respectively in the Act; (4) 'the Local Authority' means the Local Authority applying for, or, as the case may be, receiving or having received the loan; (5) 'loan' means a loan under the Act.
3. A loan must be defined in rupees and not by the sterling or any other foreign standard.
4. No loan shall be granted except for the construction or repair of works of public utility within the local limits of the area subject to the control of the Local Authority, or for the benefit of the inhabitants within those limits.
5. An application for a loan shall state—
 - 1st, the work, or works, for the construction or repair of which the loan is required, and an estimate of the cost thereof :
 - 2nd, the amount which it is proposed to borrow :
 - 3rd, the fund or funds on the security of which it is proposed to borrow :
 - 4th, the law or laws under which the said fund or funds is or are levied, received or held :
 - 5th, the period for which the loan is required, the number and amount of the instalments, if any, in which it is proposed that the loan shall be taken, the dates proposed for receiving such instalments, and the instalments, if any, in which it is proposed to repay the loan :

* Republished at pages 611 and 612 of the *Bombay Government Gazette* of the 23rd August 1883.

† N.B.—A Cantonment Authority is now to be deemed a Local Authority within the meaning of Act XI of 1879. Vide XIII of 1889, section 60 (3).

6th, a detailed account of the revenue and expenditure of the Local Authority for the three last preceding years :

[Note.—Debt and deposit transactions, such as receipts from, and repayments of, loans and deposits from contractors and others, should not be included under revenue and expenditure, but should be shown separately. All important variations in the amounts of revenue and expenditure should be explained.]

7th, all existing prior charges upon the funds of the Local Authority.

6. The Local Government shall cause such enquiry as it thinks necessary or expedient to be made into the statements contained in the application and into the use and value of the proposed work.

7. If it appears to the Local Government that the loan ought not to be granted, it shall reject the application.

8. If it appears to the Local Government probable that the loan ought to be granted, it shall cause to be published in the local official Gazette, and otherwise, as it deems fit within the local limits of the area subject to the control of the Local Authority, a copy of the application and such particulars in regard to any enquiry made under Rule 7, as it may think necessary.

9. After the expiry of one month from such publication, and after calling for any further information which it may require, and considering any objections which may be preferred, the Local Government may either reject the application, or grant the loan if funds are available from the grant placed at its disposal for the purpose: Provided that, where the Local Authority is any one of the Corporations mentioned or referred to in clause (a) of the proviso to section 8 of the Act, the Local Government, if it approves the application, shall not itself proceed to sanction it, but shall refer the application for the orders of the Governor General in Council.

10. The Local Government shall make such provision as may seem to be necessary for the proper inspection of all works which are being carried out by means of a loan, and for ascertaining and securing that the loan is duly applied to the purposes for which it is made. Every such work, and the accounts connected therewith shall be open at all times to the inspection of the Superintending or Executive Engineer in whose division the work is situate, and of any person who may be authorised to inspect the accounts of the Local Authority, and of any other person specially authorised by the Local Government in this behalf.

11. If the Local Government considers that the conditions on which a loan was granted have not been fulfilled, or that the Local Authority has failed to comply with any of the requirements of these Rules, it may, at any time, order that no further payments shall be made on account of such loan, and recover the amount advanced, with interest thereon, in the manner mentioned in section 6 of the Act.

12. Interest shall be charged half-yearly on each loan at the rate agreed upon: and shall be reckoned and paid on each instalment from the date on which it is received.

13. The Local Authority may, at any time with the previous consent of the Local Government, repay the whole or any part of a loan made from the Public Treasury in advance of the period fixed by the conditions of the loan.

14. The cost of any enquiry made under Rule 7, of advertisements published under Rule 9, of inspections made under Rule 11, and of any other proceedings by order of the Local Government or the Governor General in Council under these Rules, shall be determined by the Local Government, and shall be paid by the Local Authority.

15. (a) The accounts of every loan shall be kept by the Accountant General of the Province in which it is made.

(b) The Local Authority shall give to the Accountant General and the Local Government any information which they may require regarding the expenditure of the loan, and regarding its funds.

16. An annual statement of all loans granted under the Act, repayments due and made during the year, and balances outstanding at the beginning and end of the year in each province, or under each Local Government, shall be prepared by the Accountant General and submitted to the Government of India through the Local Government which shall add a report of the progress of the works. Such statement shall be published in the local official Gazette.

17. An attachment of any funds under section 6 of the Act shall be made by a notice to the Local Authority prohibiting the collection or management of such funds by the Local Authority, and vesting the administration thereof in such officer as the Local Government may appoint. Such notice shall be published in the local official Gazette, and otherwise, as may be directed by the Local Government, within the local limits of the area subject to the control of the Local Authority. The moneys collected or received under such attachment shall be paid into the Government Treasury; and the accounts of moneys so collected, and of the cost of the collection shall be prepared in such form as the Local Government may from time to time direct. A copy of the Accounts shall be delivered to the Local Authority, and published in the local official Gazette.

(Rules for the raising of Loans in the open market.)

In exercise of the powers conferred by sections 5 and 7 of the Local Authorities Loan Act, 1879, the Governor General in Council has made the following Rules for the raising of loans by Local Authorities in the open market:—

1. These rules shall come into force on the 1st day of February 1889. On and from that date

the rules published with Notifications Nos. 2748 and 2471*, dated 17th August 1883 and 11th May 1888, respectively, in so far as they relate to the authorisation of loans, shall be rescinded, except as regards loans applied for before these Rules come into force.

2. In these Rules (1) 'the Act' means The Local Authorities Loan Act, 1879; (2) 'Local Authority' and (3) 'funds' have the meanings assigned to them respectively in the Act; (4) 'the Local Authority' means the Authority applying for permission to raise or, as the case may be, raising or having raised the loan; and (5) 'loan' means a Loan under the Act.

3. A loan must be defined in rupees and not by the sterling or any other foreign standard.

(Notn. No. 3087, B. G. G., 1889, Pt. I., p. 703, republishing G. of I. Notn. 4105, dated 9th August 1889.)

4. A loan shall not be raised except for the construction or repair of works of public utility within the local limits of the area subject to the control of the Local Authority, or for the benefit of the inhabitants within those limits; and the term of a loan shall not extend over a longer period than twenty years except under very exceptional circumstances, and in no case over a longer period than thirty years.

5. Whenever it is desired to obtain the authorisation of the Government to the raising of a loan under section 7 of the Act a statement shall be submitted to the Local Government showing:—

1st, the work or works for the construction or repair of which the loan is required and an estimate of the cost thereof:

2nd, the amount which it is proposed to borrow:

3rd, the fund or funds on the security of which it is proposed to borrow:

4th, the law or laws under which the said fund or funds is or are levied, received or held:

5th, the dates between which the money borrowed is to be received:

[NOTE.—It is essential that the authority to borrow in the market should be limited to a reasonable time, as loans of any considerable amount cannot be held in suspense indefinitely. The dates, therefore, must be fixed with reference to this condition, and must not be so wide apart and so indefinite as practically to be no limitation.]†

6th, the term of years for which the money is to be borrowed, the instalments, if any, in which it is to be repaid, and the amount of sinking fund, if any, provided for its repayment:

* Republished at pages 610—11 and 433 of the *Bombay Government Gazette*, dated respectively the 23rd August 1883 and 17th May 1888.

† It cannot be said that a statement of the maximum amount of the instalments and of the maximum period within which they will be received is a compliance with the rule. (G. R. 1868 of 31st May 1888, G. D.)

7th, a detailed account of the revenue and expenditure of the Local Authority for the last three preceding years :

[Note.—Debt and deposit transactions, such as receipts from, and repayments of, loans and deposits from contractors and others should not be included under revenue and expenditure but should be shown separately. All important variations in revenue and expenditure should be explained.]

8th, all existing prior charges upon the funds of the Local Authority.

6. The Local Government shall cause enquiry as it thinks necessary or expedient to be made into the statements contained in the application and into the use and value of the proposed work.

7. If it appears to the Local Government that the loan ought not to be raised, it shall reject the application.

8. If it appears to the Local Government probable that the loan ought to be raised it shall cause to be published in the local official Gazette, and otherwise, as it deems fit, within the local limits of the area subject to the control of the Local Authority, a copy of the application and such particulars in regard to any enquiry made under Rule 6 as it may think necessary.

9. After the expiry of one month from such publication, and after calling for any further information which it may require, and considering any objections which may be preferred, the Local Government may either reject the application or sanction it : Provided that, where the Local Authority is any one of the Corporations mentioned or referred to in clause (a) of the proviso to section 8 of the Act, the Local Government, if it approves the application, shall not itself proceed to sanction it unless it is authorized so to do by some special enactment for the time being applicable to the Corporation, but shall refer the application for the orders of the Governor General in Council.

10. The Local Government shall make such provision as may seem to be necessary for the proper inspection of all works which are being carried out by means of a loan, and for ascertaining and securing that the loan is duly applied to the purposes for which it is raised. Every such work, and the accounts connected therewith shall be open at all times to the inspection of the Superintending or Executive Engineer in whose division the work is situate, and of any person who may be authorized to inspect the accounts of the Local Authority, and of any other person specially authorized by the Local Government in this behalf.

11. The cost of any enquiry made under Rule 6, of advertisements published under Rule 10, of inspections made under Rule 10, and of any other proceedings by order of the Local Government or the Governor General in Council under these Rules, shall be determined by the Local Government and shall be paid by the Local Authority.

12. The Local Authority shall give to the Accountant General and the Local Government any information which they may require regarding the expenditure of the loan and regarding its funds.

13. An attachment of any funds under section 6 of the Act shall be made by a notice to the Local Authority prohibiting the collection or management of such funds by the Local Authority, and vesting the administration thereof in such officer as the Local Government may appoint. Such notice shall be published in the local official Gazette, and otherwise, as may be directed by the Local Government, within the local limits of the area subject to the control of the Local Authority. The moneys collected or received under such attachment shall be paid to the lender, and the account of moneys so collected, and of the cost of collection, shall be prepared in such form as the Local Government may from time to time direct. A copy of the accounts shall be delivered to the Local Authority, and published in the local official Gazette: